

**Form ADV Part 2A: Firm Brochure**

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**This Brochure provides information about the qualifications and business practices of Liberty Park Capital Management, LLC (“Liberty Park”, “our firm”, “we”). If you have any questions about the contents of this brochure, please contact us at (512) 391-1551. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Additional information about Liberty Park also is available on the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Material Changes**

Liberty Park's registration with the SEC became effective in April 2022, however, due to a drop in assets, our firm plans to withdraw its registration in the near future.

## Table of Contents

Item 4. Advisory Business .....	3
Item 5. Fees and Compensation .....	3
Item 6. Performance-Based Fees and Side-By-Side Management .....	7
Item 7. Types of Clients .....	8
Item 8. Method of Analysis, Investment Strategies and Risk of Loss .....	8
Item 9. Disciplinary Information .....	11
Item 10. Other Financial Industry Activities and Affiliates .....	12
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	12
Item 12. Brokerage Practices .....	13
Item 13. Review of Accounts .....	15
Item 14. Client Referrals and Other Compensation .....	15
Item 15. Custody .....	15
Item 16. Investment Discretion .....	16
Item 17. Voting Client Securities .....	16
Item 18. Financial Information .....	18
Item 19. Requirements for State-Registered Advisers .....	18

#### **Item 4. Advisory Business**

Liberty Park was founded in 2012 by Charles P. Murphy, Jr., the firm's principal owner.

Liberty Park provides discretionary and non-discretionary investment advisory and various other services to (i) privately offered pooled investment vehicles (the "Fund Clients"), and (ii) separately managed accounts of high-net-worth individuals and institutions (the "Managed Account Clients" and collectively with the Fund Client, the "Clients"). Liberty Park may sponsor and/or advise additional pooled investment vehicles and other accounts in the future.

We specialize in investing our clients' assets primarily in equity securities and various fixed-income securities.

Our firm tailors our advisory services to the individual needs and specified investment mandates of our clients. In the case of our private investment fund client, our portfolio managers strictly adhere to the investment strategy set forth in the private investment fund's offering memorandum. We do not, however, tailor our advisory services to the individual needs or any specified investment mandates of the investors in the private investment fund and investors may not impose restrictions on investing in certain securities or types of securities. With respect to the separately managed accounts, we adhere to investment guidelines which specify the instruments in which we may and may not trade in on behalf of the managed account. However, the managed account clients may not otherwise impose restrictions on investing in specific securities.

In addition to providing investment management services as described above, the Firm also provides advisory and research services to financial advisers and institutional asset managers. These services are non-discretionary in nature and Liberty Park's role is largely limited to providing recommendations with respect to asset allocation and selection of investments ("Non-Discretionary Accounts"). Liberty Park is not responsible for executing on investments for such accounts.

We do not participate in wrap fee programs.

We do not manage any client assets on a non-discretionary basis. The amount of client assets that we manage on a discretionary basis, as of December 31, 2022, totaled approximately \$35,000,000.

#### **Item 5. Fees and Compensation**

Our firm, or an affiliate of our firm, typically receives compensation from our private investment fund client based on both the percentage of assets under management and on performance achieved for the client's account. We structure our performance-based compensation as profit-sharing allocations through a general partner interest that our affiliate holds in the fund.

Our managed account clients generally pay management fees based on a percentage of assets under management.

## **Fund Clients**

Management Fee. Liberty Park generally charges each of the Fund Clients an asset-based management fee, payable monthly in advance. The management fee varies for each Fund Client but typically ranges from 1% to 1.5% per annum of the net asset value of the capital account of each investor in such Fund Client (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest) as of the beginning of such calendar month (the “Management Fee”). The Management Fee is calculated and paid in advance. Because the investors in the Fund Client can only withdraw money from the fund quarterly, investors will not pay a Management Fee in excess of what they owe. The Management Fee is deducted directly from the capital account of each investor in the Fund Clients

Performance Allocation. Subject to certain terms, limitations and conditions set forth in the applicable Offering Documents, at the end of each fiscal year (and such other times set forth in the Offering Documents of each Fund Client), Liberty Park or its affiliate generally is entitled to receive a performance-based allocation (“Performance Allocation”) that is equal to a percentage of the net profits allocated to the capital account of each investor in a Fund Client during the applicable period (subject to certain adjustments, the “high water mark” described below and hurdle rates). The performance allocation percentage varies by a Fund Client; however, it is generally no more than 20% with respect to the capital account of each investor in the Fund Clients.

The Performance Allocation is subject to a “high water mark” limitation (or cumulative loss provision). As a result, after the first fiscal year in which a Performance Allocation is earned, the Performance Allocation for subsequent years applies only to the extent that an investor’s pro rata share of net profits measured on a cumulative basis, net of any losses, for all years since admission exceeds the highest level of such cumulative net profits achieved through the close of any prior year since admission. If an investor in a Fund Client makes a withdrawal at a time when its capital account balance is below its historic “high water mark”, the level of the high water mark will be ratably reduced to reflect such withdrawal. The Performance Allocation is calculated and charged to each investor in a Fund Client at the end of each fiscal year and such other dates set forth in the applicable Offering Documents. The Performance Allocation is re-allocated from each capital account of an investor to the capital account of Liberty Park.

Fees with respect to an investor in a Fund Client generally are not negotiable. However, Liberty Park has entered into and may enter into side letters or other similar arrangements with certain investors in the Fund Clients that waive, reduce or calculate differently the Management Fee and/or the Performance Allocation with respect to such investors.

Other Fees and Expenses. In addition to the Management Fee and the Performance Allocation, each Fund Client generally is required to bear (and reimburse Liberty Park and its affiliates for) all costs and expenses relating to its activities. A summary of certain costs and expenses that generally are required to be borne by the Fund Clients is set forth below:

- all costs, expenses, or charges incurred by the Fund Clients, directly or indirectly, in connection with the investment and trading activities of the Fund Clients, including without limitation, brokerage commissions, mark-ups, margin interest, expenses related to short sales, custodial fees, clearing and settlement charges, and other transaction costs to brokers and/or all expenses incurred in developing, evaluating, negotiating, consummating, monitoring, structuring, trading, effecting, settling, holding and/or disposing of investments, including expenses which the general partner reasonably determines to be related to the activities of the Fund Clients or the investment of the Fund Clients' assets;
- all costs and expenses associated with the organization of the Fund Clients and the offering of interests in the Fund Clients, including legal and accounting fees, printing costs, travel and out-of-pocket expenses and compliance with any applicable federal and state laws;
- all operating expenses such as tax preparation fees (including, without limitation, any such fees related to the preparation of tax returns and Schedule K-1s), governmental fees and taxes (or any other governmental charges levied against a Fund), administrator, custodial and prime brokerage fees and expenses, communications with investors and ongoing legal, accounting, auditing (including the cost of the annual audit of the Fund Clients' financial statements), administration, appraisal, bookkeeping, consulting and other professional fees and expenses, including for litigation and preparation of financial statements and reports;
- the cost of any outside appraisers, accountants, attorneys or other experts engaged by Liberty Park on behalf of the Fund Clients as well as other expenses directly related to the Fund Clients' investment program;
- all fees and other expenses incurred in connection with the investigation, prosecution or defense of any claims by or against the Fund Clients,
- interest on, and fees and expenses arising out of, all borrowings;
- costs and expenses of holding any meetings of the limited partners of the Fund Clients, if any;
- the costs of any litigation and indemnification relating to the affairs of the Fund Clients; (i) expenses related to obtaining systems, third party research, publications, data and data services, including real time pricing and market information (such as FactSet, Bloomberg and 8 Reuters services) and historical pricing, and other information utilized for portfolio management purposes and that facilitate valuations and accounting, including the costs of statistics and pricing services, service contracts for quotation equipment and related hardware and software;
- the costs of any liability insurance obtained on behalf of the Fund Clients or Liberty Park, as general partner of the Fund Clients,

- costs of compliance with applicable laws and regulations of governmental and self-regulatory bodies, including costs of counsel and other costs incurred by Liberty Park and its affiliates in obtaining advice relating to the Fund Clients' legal affairs and in complying with laws and regulations that apply to any such entities as a result of the services provided to the Fund;
- all expenses and costs incurred in connection with any regulatory or legal filings (or registrations) required to be made with respect to the Fund Clients;
- expenses associated with forming and maintaining the legal existence of the Fund Clients, including directors' fees, administrators' fees, occupancy costs and other operating costs of entities that maintain their own offices in certain jurisdictions; and
- all other reasonable expenses related to the management and operation of the Fund Clients and/or the purchase, sale or disposition of interests, including in the case of any expenses directly related to the Fund Clients and one or more of its related Clients' investments, any portion of any such joint expenses that the Advisor determines are properly and ratably allocable to the Fund Clients.

The Fund Clients generally are responsible for and pays all applicable brokerage and custodial expenses and fees. See Item 12 below. The fees and expenses listed above are not comprehensive and are qualified in their entirety by reference to the applicable Offering Documents. Each of the Fund Clients has entered into an administration agreement with a third-party administrator, which is paid customary fees by such Fund Client based on the net asset value thereof. The Advisor bears all of its own overhead expenses including, without limitation, salaries and wages, utility costs, office space, facilities, supplies and other similar expenses.

### **Managed Account Clients**

Liberty Park generally receives an advisory fee (payable on a periodic basis either in advance or in arrears) equal to a percentage of the net asset value of each Managed Account Client. The advisory fees with respect to each Managed Account Client has been negotiated separately with such Managed Account Client based upon a variety of factors (including the type of the account, etc.). Advisory fees for partial periods generally are prorated, as appropriate, based upon the number of days elapsed during such period. Liberty Park invoices Managed Account Clients and instructs the custodian to debit the account to effect payment of the fees. Managed Account Clients do not receive refunds of their pre-paid management fees in the event of a mid-month withdrawal.

Managed Account Clients are not subject to performance-based fees.

**Other Fees and Expenses.** In addition to advisory fees, the Managed Account Clients generally bear (and reimburses Liberty Park or its affiliates, if applicable, for) all costs and expenses relating to or associated with the Managed Account Clients' investment activities, including, but not limited to, all costs and expenses relating to portfolio investments or prospective investments for the Managed Account Clients, withholding taxes, interest expenses, brokerage commissions and other transaction costs (including, but not limited to, any soft dollar expenses or other items

within the safe harbor afforded by Section 28(e)), proxy voting expenses, custody fees and administration fees.

Generally, for the Managed Account Clients, Liberty Park bears all of its standard operating expenses arising out of the performance of its duties, including all of its general overhead, travel, salary and office expense (which include the rent of the offices which Liberty Park occupies, maintenance of its book and records, and its fixed expenses, telephones and general purpose office equipment), unless otherwise agreed to in writing.

#### Non-Discretionary Account Clients

With respect to such clients, Liberty Park receives a pre-negotiated fixed fee. Non-Discretionary Account Clients are not subject to asset based or performance-based fees. Similarly, such accounts typically do not bear additional expenses, unless otherwise agreed to in writing.

None of our employees receives (directly or indirectly) any compensation for the sale of securities or other investment products.

### **Item 6. Performance-Based Fees and Side-By-Side Management**

As detailed previously in Item 5 (Fees and Compensation), Liberty Park generally is entitled to receive performance-based compensation with respect to certain client accounts. In addition, certain of the Advisor's investment personnel are compensated on a basis that includes a performance-based component and therefore face these same potential conflicts. Performance-based fee arrangements create an incentive for Liberty Park to recommend investments which may be riskier or more speculative than if only asset-based management fees were charged. In addition, because performance-based compensation generally is calculated on a basis that includes both realized and unrealized appreciation in portfolios based upon values assigned by Liberty Park, Liberty Park faces a conflict of interest in valuing those portfolios. Liberty Park attempts to address these conflicts through their investment allocation policy and full and fair disclosure in the applicable account and/or Offering Documents and/or this Brochure.

Certain Client accounts may have higher asset-based fees or more favorable performance based compensation arrangements with us than other accounts. Because the Advisor and its investment personnel manage more than one Client account, a potential conflict exists for one of the Clients to be favored over another and to provide preferential treatment in terms of time, resources, and investment opportunities to the Clients that pay the Advisor (and indirectly the portfolio manager) a higher fee. Liberty Park is focused on monitoring the allocation of investment opportunities in such situations and endeavors to resolve in good faith any material conflict with respect to the allocation of investment opportunities. Liberty Park has adopted and implemented policies and procedures intended to address these types of conflicts of interest and in an attempt to ensure that all the Clients are treated in a fair and equitable manner with respect to the allocation of investment opportunities. The general policy of Liberty Park is to allocate investment opportunities to and among all of the Clients in a fair and equitable manner under the



circumstances and, in general, each Client participates in each investment opportunity (subject to the terms set forth in the applicable Offering Documents and/or Advisory Agreement).

## **Item 7. Types of Clients**

As discussed in Item 4 (Advisory Business), Liberty Park provides investment advisory, management and other services to the Fund Clients, which are affiliated pooled investment vehicles, and managed account clients. Liberty Park may in the future provide investment advice and other services to other clients or types of clients. The minimum initial capital contribution required for an investor in the Fund Clients is set forth in the applicable Offering Documents.

To invest in the Fund Clients, each investor generally is required to certify that it is, among other things, an “accredited investor” (as such term is defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended), and either a “qualified client” (as such term is defined in Rule 205-3 under the Advisers Act), or a “qualified purchaser” (as such term is defined in Section 2(a)(51)(A) of the Company Act).

Each prospective investor generally is required to complete and return various subscription documents to the Fund Clients, which are designed to provide the Fund Clients, Liberty Park and their affiliates and agents with important information about the investor. Subscriptions may be accepted or rejected, in whole or in part, in the sole discretion of Liberty Park.

## **Item 8. Method of Analysis, Investment Strategies and Risk of Loss**

### Liberty Park Fund, LP – Method of Analysis and Investment Strategies

Our investment strategy can be described generally as a long/short equity strategy with a focus on small to mid-cap industrial and technology companies. More specifically, we intend to hold an average of 30-45 positions in companies that make or sell capital equipment, components and/or materials and have market capitalizations of less than \$5 billion.

We intend to generate returns by buying shares in companies that we believe are undervalued and by shorting shares in companies that we believe are overvalued. In order to determine whether a stock is undervalued or overvalued, we first analyze the underlying company’s fundamentals and outlook, which includes but is not limited to its competitive position, industry trends, new product schedule and management’s ability to execute its business plan. We then compare our view of the company’s fundamentals and outlook to that of the majority of other investors (i.e., the consensus view). We expect to glean what other investors’ view of a company is by analyzing the stock’s recent price movements, by viewing sell-side analyst revenue and profit forecasts, and by speaking with other investors that are knowledgeable on the company. When our view of the company’s fundamentals and outlook is materially more positive than what other investors’ view is, the stock is considered for purchase. When our view of the company’s fundamentals and outlook is materially more negative than what other investors’ view is, the stock is considered for shorting.

In order to speed the process of sorting through well over 500 companies to find the 30-45 we feel are most suitable for our client, we maintain a list of all companies with market capitalizations below \$5 billion. These companies are then categorized into tiers based on our familiarity. Companies with which we have a high degree of familiarity frequently will be included in the fund's portfolio; companies with which we have a low degree of familiarity seldom will be included in the fund's portfolio. To further speed the filtering process, companies with which we have a moderate-to-high degree of familiarity are further categorized according to factors, such as cyclicalities, operating leverage and exposure to certain geographies or end markets. We plan to consistently expand the universe of companies on which we are knowledgeable by reading new companies' annual reports, attending industry trade shows and investor conferences and consulting with other knowledgeable parties.

We believe we can increase the fund's chances for success by focusing on small to mid-cap equities, which we view as especially prone to mismatches between investors' expectations and reality because of a lack of institutional investor interest in and coverage of these equities. We believe we can further enhance the fund's returns by focusing its investments primarily on industrials (broadly defined as companies making or selling equipment, components and/or materials) where we have extensive experience and contacts and where there are still fewer investors with which to compete.

#### Liberty Park Select Opportunities, LP – Method of Analysis and Investment Strategies

Our investment strategy can be described generally as a concentrated long-biased equity strategy with a focus on small to mid-cap industrial and technology companies. More specifically, we intend to hold an average of 10-15 long positions also held in our Liberty Park Fund, LP that we deem to be less-cyclical and possess the greatest long-term secular growth prospects.

The universe and investment process for this fund are identical to Liberty Park Fund, LP.

#### Managed Accounts – Method of Analysis and Investment Strategies

Separately managed accounts are invested in two in-house managed long-only portfolios/strategies:

- Equities – domestic- and foreign, mid- and large-cap, value- and growth stocks; and
- Fixed Income – federal, municipal and corporate debt/bonds.

The amount allocated to each portfolio/strategy depends on the client's needs. With these portfolios, we aim to give clients a high level of diversification across industry sectors, asset classes (e.g., stocks, bonds) and geographies. As such, the portfolios are meant to grow clients' money gradually over time. We believe the advantage of our approach is that it provides a lower-cost, more flexible and more manager-accessible solution than investing in mutual funds. We aim (but cannot guarantee) to modestly outperform comparable equity and fixed income indexes.

We pursue a fundamentals-based investment strategy on behalf of our managed account clients, wherein, we seek to buy stocks whose earnings, cash flow and book value are underestimated, and sell them when their earnings, cash flow and book value are overestimated. We do not plan to buy or sell stocks based on their recent price movements (e.g., “momentum” or “technical”), nor do we intend to buy or sell just because a stock is “cheap” or “expensive” relative to consensus estimates.

## **Risk Factors**

*Investment and Trading Risks in General.* All investments risk the loss of capital. No guarantee or representation is made that our investment program will be successful, and investment results may vary substantially over time.

*Investment Judgment; Market Risk.* The profitability of a significant portion of our clients’ investment programs depend to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that we will be able to predict accurately these price movements. With respect to our investment strategies, there is always some, and occasionally a significant, degree of market risk.

*Small to Medium Cap Stocks.* We intend to invest a significant portion of the fund’s assets in the stocks of companies with small- to medium-sized market capitalizations that we believe have potential for capital appreciation significantly greater than that of the market averages. The companies may have limited product lines, markets or financial resources and may be dependent on a limited management group. Such stocks, particularly small-capitalization stocks, involve higher risks than do investments in stocks of larger companies. For example, prices of small-capitalization, and even medium-capitalization, stocks are often more volatile than prices of large-capitalization stocks, and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may be higher than for larger, “blue chip” companies. In addition, due to thin trading in some small-capitalization stocks, an investment in those stocks may be illiquid.

*Illiquidity.* The investments we make on behalf of our clients may be very illiquid, and consequently we may not be able to sell such investments at prices that reflect our assessment of their value or the amount paid for such investments by the clients. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale by the clients and other factors. Furthermore, the nature of the investments we make on the clients’ behalf may require a long holding period prior to profitability.

*Short Sales.* We may enter into transactions, known as “short sales,” in which we sell a security on behalf of a client that it does not own in anticipation of a decline in the market value of the security. Short sales that are not made “against the box” theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. We may mitigate such losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions, we might have difficulty purchasing securities to meet our short sale delivery obligations, and might have to sell portfolio securities to raise the

capital necessary to meet short sale obligations at a time when fundamental investment considerations would not favor such sales.

*Short-Term Trades.* Short-term trading involves a certain degree of risk. Short-term trading denies a client the strategy of minimizing risk by holding a position over a longer time period. In addition, frequent trading results in high turnover and brokerage commission expenses which can adversely affect the clients' performance if its trading is not sufficiently profitable.

*Foreign Securities.* Investments in foreign securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the clients' books are maintained) and the various foreign currencies in which the clients' portfolio securities will be denominated and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation; (iii) political, social or economic instability; (iv) imposition of foreign income, withholding or other taxes; and (v) the extension of credit, especially in the case of sovereign debt.

*Leverage.* Subject to applicable margin and other limitations, we may borrow on behalf of the fund in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of the clients' portfolios would be amplified. Interest on borrowings will be a portfolio expense of the clients and will affect the operating results of the clients.

*Diversification.* Since the clients' portfolios will not necessarily be widely diversified, the investment portfolios of our clients may be subject to more rapid changes in value than would be the case if we were required to maintain a wide diversification among companies, securities and types of securities.

*Market Conditions.* Developments in the global financial markets illustrate that the current environment is one of extraordinary and possibly unprecedented uncertainty. In light of market turmoil and the overall weakening of the financial services industry, the clients, their prime broker(s) and other financial institutions' financial condition may be adversely affected and they may become subject to legal, regulatory, reputational and other unforeseen risks that could have a material adverse effect on our business and operations.

Moreover, market conditions have substantially reduced the availability of credit, which may have a material adverse effect on our ability to achieve our investment objective with respect to any particular investment and/or the clients' entire portfolios, which could have a material adverse effect on the clients' overall return objectives.

## **Item 9. Disciplinary Information**

Neither our firm, nor any of our partners, officers or principals has been involved in any investment-related criminal or civil actions in a domestic, foreign or military court.

Neither our firm, nor any of our partners, officers or principals has been involved in any administrative proceedings before the Securities and Exchange Commission, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority.

Neither our firm, nor any of our partners, officers or principals has been involved in any self-regulatory organization proceedings.

#### **Item 10. Other Financial Industry Activities and Affiliates**

Neither our firm, nor any of our directors, officers or principals is registered as a broker-dealer or a representative of a broker-dealer or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither our firm nor any of our directors, officers or principals is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or is an associated person of any of the above.

#### Material Relationships with Industry Affiliates

*Liberty Park Fund, LP and Liberty Park Select Opportunities, LP*

In addition to Liberty Park serving as Liberty Park Fund, LP and Liberty Park Select Opportunities LP's investment adviser, our affiliate serves as their general partner. We address this potential conflict of interest by fully disclosing the relationship between Liberty Park and the fund in the fund's offering documents. Although this arrangement may give us heightened control and discretion over the fund, we manage any potential conflicts of interest by strictly adhering to the investment strategy and investment allocation policy discussed in its Private Placement Memorandum.

#### **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

We have adopted a Code of Ethics in accordance with the Securities and Exchange Commission requirements. Our Code of Ethics works to ensure that our employees' securities transactions are consistent with our firm's fiduciary duty to our clients and to ensure compliance with legal requirements and our firm's business conduct standards. It focuses on specific areas where employee conduct has the potential to affect clients' or investors' interests adversely. Our Code of Ethics requires employees disclose any securities accounts to us and to either provide or arrange for their brokerage firm to provide duplicate account statements and confirms necessary to allow us to keep the records required by the Investment Advisers Act of 1940, as amended.

Certain employee trades must be reviewed and approved by our Chief Compliance Officer. Currently, we are a single advisor firm. As such, Charles P. Murphy, Jr. will maintain personal trading records and transactions in keeping with the firm's fiduciary and recordkeeping responsibilities.

We provide a copy of our Code of Ethics to any client or any investor in our clients that requests one.

Employees of our firm do not recommend to our clients, nor do they buy or sell for our clients' accounts, securities in which they have a material financial interest.

Employees and entities affiliated with our firm are allowed to trade in securities that we purchase or sell for clients, or are likely to purchase or sell for clients. If employees wish to invest in an initial public offering or a private placement, our Chief Compliance Officer must approve the investment first.

## **Item 12. Brokerage Practices**

In selecting broker-dealers and determining the reasonableness of their commissions for our clients' transactions, we take into account the following factors:

- The broker-dealer's ability to effect prompt and reliable executions at favorable prices (including the applicable profit or commission, if any);
- The operational efficiency with which transactions are effected, considering the size of the order and difficulty of execution;
- The financial strength, integrity and stability of the broker-dealer;
- The firm's risk in positioning a block of securities;
- The quality, comprehensiveness and frequency of available research services considered to be of value; and
- The competitiveness of commission rates in comparison with other broker-dealers that satisfy our selection criteria.

We Utilize Research and Other Soft Dollar Benefits. At times, our firm may pay higher prices to buy securities from, or accept lower prices for the sale of securities to, brokerage firms that provide us with investment and research information. This investment and research information is often referred to as "soft dollar" benefits. The research services that broker-dealers might provide include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants.

We can use these research services and products in connection with our advisory services for any of our accounts, not necessarily for only the account that "paid" for them. For example, we

might utilize research services that a broker-dealer provides for one of our clients in connection with our advisory services for other clients and vice versa. While we do not aim to allocate soft dollar benefits to each client account in proportion to the soft dollar credits each client generates, we do seek to allocate soft dollar benefits equally among all of our clients.

We Intend for our Use of Soft Dollar Benefits to Fall Within the Safe Harbor. The Securities and Exchange Commission has created a safe harbor that protects financial advisers from liability for a possible breach of fiduciary duty to their clients for engaging in soft dollar arrangements for certain services at other than the lowest transaction costs if they make a good faith determination that the amount of the commission was reasonable in relation to the value of the research services received. We intend that our soft dollar arrangements will fall within this safe harbor.

The Use of Soft Dollars Can Create a Conflict of Interest. Although our policies require us to always obtain the best execution for our clients by taking into account all applicable factors, using client transactions to obtain research and other benefits creates incentives that result in conflicts of interest between advisers and their clients. When we use client markups or markdowns to obtain research products and services, our firm receives a benefit because we do not have to produce or pay for the research products and services. The availability of these benefits may influence us to select one broker-dealer rather than another to perform services for clients, based on our interest in receiving the products and services instead of on our clients' interest in receiving the best execution prices. Obtaining these benefits may cause our clients to pay higher fees than those charged by other broker-dealers.

The use of soft dollars to obtain research services creates a conflict of interest between our firm and our clients because our clients pay for products and services that are not exclusively for their benefit and that may be primarily or exclusively for the benefit of our firm or other clients. To the extent that we are able to acquire these products and services without expending our own resources, our use of soft dollar benefits tends to increase our profitability.

We Do Not Consider Client Referrals in Selecting or Recommending Broker-Dealers.  
Our Clients Do Not Direct Brokerage. Our firm does not recommend, request or require that a client, nor do we permit a client to, direct us to execute transactions through a specified broker-dealer.

#### Trade Aggregation and Allocation

Sometimes we decide that some or all of our clients should participate in the same investment opportunity. In this case, we will typically place one aggregate order which is then allocated among our participating clients' accounts. If an order cannot be fully executed under current market conditions, we will generally allocate the executed portion of the trade among the different client accounts on a pro rata basis according to the allocation we originally anticipated. After aggregating a transaction, on a given day, each participating client will pay the average share price for each share it is allocated and all participating clients will pay transaction costs pro rata to the amounts allocated.

We may allocate an aggregated order on a basis other than that which we have described above if we believe that all of our participating clients are receiving fair and equitable treatment. Ultimately, clients benefit when we aggregate trades because they receive volume discounts on execution costs.

### **Item 13. Review of Accounts**

Our Portfolio Manager, Charles P. Murphy, Jr., reviews our clients' accounts continuously on a daily basis. In reviewing our clients' accounts, Mr. Murphy monitors (1) our adherence to each client's investment objective, policies and restrictions and (2) the reasonableness of brokerage commissions that the client incurs in light of our best execution policy (see Section 12).

We may conduct additional reviews if requested by a client or if we believe that a trade, allocation, or operational error may have occurred.

For our managed account clients, the Portfolio Manager will conduct a formal review with each client annually. Changes to a managed account may occur more frequently depending on a client's circumstances.

Our firm provides monthly written performance reports to investors in our investment fund client that review their account's performance for such month. In addition, we provide investors in the fund with annual written reports containing audited financial statements and tax information. We offer our managed account clients the opportunity to meet with us in person at least once a year or as changes in their current personal financial situation warrant to discuss their account's performance and whether changes to their allocation (between the equity and fixed-income portfolios) are warranted.

### **Item 14. Client Referrals and Other Compensation**

Our firm does not, nor do any principals or employees of our firm, receive any economic benefit from non-clients for providing advisory services to our clients.

We do not, nor do any of our principals or employees, compensate anyone for client referrals.

### **Item 15. Custody**

While it is our practice not to accept or maintain physical possession of any client assets, we are deemed to have custody of the funds' assets under Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended, because we have the authority to access our investment funds and deduct fees and expenses from its account.

In order to comply with Rule 206(4)-2, we utilize the services of a bank or qualified custodian (as defined under Rule 206(4)-2) to hold all client assets. The fund's administrator sends monthly



statements to the fund's investors. The managed accounts' custodian sends monthly statements to the clients. Clients should carefully review these statements.

In accordance with Rule 206(4)-2, we also (1) engage an outside auditor to audit the fund's accounts at the end of each fiscal year and (2) distribute the results of the audit in audited financial statements that are prepared in accordance with generally accepted accounting principles to all investors in the fund as soon as practicable after the end of the fiscal year.

## **Item 16. Investment Discretion**

### Scope of Authority

Our firm accepts discretionary authority to manage our clients' securities accounts. Essentially, this means that we have the authority to determine, without obtaining specific client consent, which securities to buy or sell and the amount of securities to buy or sell. Despite this broad authority, we are committed to adhering to the applicable investment strategy and program set forth in our private investment fund client's offering documents or in each managed account client's managed account agreement. In particular, our Portfolio Manager reviews our clients' accounts regularly to ensure that we are observing each client's investment strategies and objectives.

### Procedures for Assuming Authority

Before accepting their subscriptions for interests in our investment fund client, we provide all investors with a Private Placement Memorandum and governing documents that set forth, in detail, our investment strategy and program and the terms of investment for investors. By completing our subscription documents to acquire an interest in the fund, investors give us complete authority to manage their investments in accordance with the Private Placement Memorandum and governing documents they each received.

Prior to providing investment advice to our managed account clients, we require each client to appoint us as agent and attorney-in-fact of its portfolio. This gives us complete discretionary authority to buy and sell any investment securities and instruments in the amounts and at the prices that we determine, subject to any limitations that may be imposed in the client's managed account agreement.

## **Item 17. Voting Client Securities**

### Proxy Voting Policies and Procedures

Because our clients have delegated the power to vote their securities to our firm, we have implemented proxy voting policies and procedures designed to ensure that we vote proxies in the best interest of our clients. Clients cannot direct our proxy votes. We apply a disciplined approach when voting the proxies of our clients. We will provide the following services:

- Receipt and verification of proxies;
- Analysis of issues according to client's guidelines;
- Reporting on voting positions provided annually;

- Record keeping consistent with established standards; and
- Voting records can be requested at any time.

Generally, proxies will be voted with management of an issuer on routine business, otherwise a client will not own or maintain a position in the securities of that issuer. Examples of routine business applicable to an issuer are: voting on the size, nomination and election of the board of directors, and the appointment of auditors. All other special or non-routine matters will be assessed on a case-by-case basis with a focus on the potential impact of the vote on the value of a client's investment in that issuer.

Special or non-routine matters will be voted in a way that we believe will better protect or enhance the value of the investment for the client. Without limiting the generality of the foregoing, examples of special or non-routine business are: stock-based compensation plans, executive severance compensation arrangements, shareholders rights plans, corporate restructuring plans, going private transactions in connection with leveraged buyouts, lock-up arrangements, crown jewel defenses, supermajority approval proposals, and stakeholder or shareholder proposals.

Our fundamental policy to vote proxies on behalf of a client in a manner consistent with the best interests of the client will always guide any proxy voting decision. If we vote against management of an issuer on any particular proposal, whether routine or on routine, and the client continues to own the security of such issuer, documentation of that vote is required along with a detailed explanation to be kept on file. On occasion, we may abstain from voting a proxy or a specific proxy item when we conclude that the potential benefit of voting the proxy of that issuer is outweighed by the cost of voting the proxy. Such instances require that a detailed explanation be kept on file. In addition, we will not vote proxies received for issuers of portfolio securities which are no longer held in a client's account.

We will act with the care, skill, prudence and diligence under the prevailing circumstances that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. When proxies due our clients have not been received, we will make reasonable efforts to obtain missing proxies. We are not responsible for voting proxies we do not receive.

#### Potential Conflicts of Interest

Where proxy voting could give rise to a conflict of interest or perceived conflict of interest, in order to balance the interests of the clients in voting proxies with the desire to avoid the perception of a conflict of interest, we have instituted procedures to help ensure that a client's proxy is voted in accordance with the business judgment of the Portfolio Manager, uninfluenced by considerations other than the best interests of the client.

If there are any potential conflicts of interest in connection with voting a client proxy, it is our policy to resolve the conflict before voting the proxy. If a potential conflict of interest exists we will either; disclose the conflict to the affected client and obtain its consent to vote, or we take other steps designed to ensure that our decision to vote the proxy is based on our determination of the client's best interest and was not affected by the potential conflict.

### Recordkeeping

In accordance with Rule 204-2 under the Advisers Act, we will maintain for the time periods set forth in the Rule (i) the proxy voting procedures and policies, and all amendments thereto; (ii) all proxy statements received regarding client securities (provided however, that we may rely on the proxy statement filed on EDGAR as our records); (iii) a record of all votes cast on behalf of clients; (iv) records of all client requests for proxy voting information; (v) any documents prepared by us that were material to making a decision how to vote or that memorialized the basis for the decision; (vi) all records relating to requests made to clients regarding conflicts of interest in voting the proxy; and (vii) all written and oral responses to clients' requests.

### Request for Information

Clients may request their proxy voting record at any time by contacting our corporate offices at (512) 391-1551 Monday – Friday between 8:00 AM PST and 5:00 PM PST or by email at [cmurphy@libertypark.com](mailto:cmurphy@libertypark.com). All requests must be received in writing from the client. We will promptly provide any information requested.

A copy of the Proxy Voting Policy Statement, Guidelines and Procedures is provided to each client at the time our firm retained. We will revise our guidelines as events warrant. We will provide clients revised copies of this proxy voting policy statement and guidelines whenever material revisions have been made.

## **Item 18. Financial Information**

We do not require nor do we solicit prepayment of more than \$500 in fees per client, six months or more in advance.

We are not aware of any financial condition that is likely to impair our ability to meet our contractual commitments to our clients.

Liberty Park has never been the subject of a bankruptcy petition.

## **Item 19. Requirements for State-Registered Advisers**

### Principal Executive Officers and Management Persons

Charles P. Murphy, Jr. is the Portfolio Manager and principal owner of Liberty Park. Prior to forming Liberty Park, Mr. Murphy was an equity research analyst at Sidoti & Company, LLC ("Sidoti") in New York City. Sidoti is one of the largest providers of investment research on small-cap equities in the U.S., and its clients are exclusively institutional investors. While an analyst at Sidoti, Murphy was named a "Master Stock Picker" in the Wall Street Journal's 2011 "Best on the Street" rankings. Prior to joining Sidoti, Murphy worked in fund accounting and operations at Morgan Stanley. Murphy graduated from Texas A&M University with a BBA in Finance.

#### Other Business Activities

Neither Liberty Park, nor Charles P. Murphy, Jr., engage in any other business activities at the present time.

#### Performance-Based Compensation

One of our affiliates acts as general partner of our investment fund client and receives performance-based compensation from our client equal to 20% annually of the fund's net realized and unrealized profits for the year attributable to an investor, subject to a loss carry forward requirement or "high water mark." A high water mark ensures that we only receive performance compensation when an investor's account value for the year has recovered any losses from prior years.

The performance allocation made to our affiliate may create an incentive for our firm to make investments that are riskier or more speculative than would be the case in the absence of such performance allocation.

#### Disciplinary History

Neither our firm nor any of our directors, officers or principals has been involved in any criminal or civil actions in a domestic, foreign or military court.

Neither our firm nor any of our directors, officers or principals has been involved in any administrative proceedings before the Securities and Exchange Commission, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority.

Neither our firm nor any of our directors, officers or principals has been found liable in an arbitration claim or any civil, self-regulatory organization or administrative proceeding.

#### Financial Industry Affiliations

Other than the relationships indicated in Item 10 above, neither our firm nor any of our directors, officers or our principal has any relationship or arrangement with any issuer of securities.